

22 November 2024

Anti-Dumping Commission  
Investigations  
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## Public File

Dear Director,

### Investigation No. 644 concerning Interchangeable Bolted Clipping System Brackets from China

The member of the Australian industry producing like goods to the goods the subject of this inquiry, Abey Australia Pty Limited (**Abey**), provides this submission in relation to certain of the content conveyed to the Anti-Dumping Commission (**the Commission**) in two recently published exporter questionnaire responses (**EQR's**).

#### 1. Cixi Guanhaiwei Qinyan Hardware Factory (Qinyan)

Qinyan's response to certain of the EQR questions raises concerns as to the validity and accuracy of what has been presented. Abey requests that the Commission assess the following with caution:

- Sales and production systems: Qinyan states that it maintains neither sales nor production systems, and that the integration between the financial accounting system and production and sales is made manually.<sup>1</sup>

Abey submits that manual sales and cost accounting systems are highly susceptible to errors and inaccuracies due to reliance being placed on human input and processes. Unlike automated systems, manual systems require repetitive data entry and calculations, which increases the likelihood of mistakes such as transposition errors, omissions, or duplicate entries. Furthermore, the lack of built-in error-checking mechanisms means inaccuracies can go unnoticed, leading to flawed financial records. Human oversight exacerbates these risks, especially when managing a large volume of transactions. The absence of automation also makes it difficult to maintain up-to-date records, reconcile accounts efficiently, or ensure compliance with accounting standards, ultimately undermining the reliability of the system in question.

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<sup>1</sup> Qinyan EQR, p. 11.

This points to potential inaccuracies and errors across the many revenue and cost aspects assessed by the Commission (for example, the reconciliation of sales, selling expenses, and costs to financial statements, and the accuracy of internal product codes and therefore Model Control Code determinations, etc).

Abey also notes that the accounts are not audited,<sup>2</sup> providing further uncertainty as to a high level of confidence in Qinyan's financial information. Further to this point, Abey queries as to how Qinyan can make the claim that its accounting practices do not differ from generally accepted accounting principles in China<sup>3</sup> where the accounts are not audited.

Abey therefore submits that the Commission take a cautious approach in assessing Qinyan's data.

- Scrap/by-products: Qinyan's EQR states that it does not record a value for scrap on the basis that it does not produce by-products or joint products.<sup>4</sup> As the Commission is now aware following industry verification, the manufacture of bolted clipping system brackets can potentially generate scrap. Abey requests that the Commission further assess this with Qinyan.
- Packaging: Qinyan doesn't provide a direct response to the EQR's E-2 export sales packaging question, instead referring the Commission to Section G.<sup>5</sup> Section G however does not then elaborate on packaging. The EQR response by the Chinese trading entity that sells Qinyan's goods to the Australian market, *Ningbo Fenghui Metal Products Co. Ltd* (assessed further below), directs the Commission to Qinyan's EQR for export packaging details. Combined, both responses are substantially opaque on the matter of export packaging. Abey requests that this be further assessed by the Commission.

## 2. Ningbo Fenghui Metal Products Co. Ltd (Fenghui)

In the same manner as Qinyan, Fenghui's EQR response presents similar concerns regarding validity and accuracy. Fenghui does not maintain a sales system, with interactions between sales and the financial accounting system undertaken manually.<sup>6</sup> The accounts of the exporter are not audited, yet they make the same claim as Qinyan that their accounting practices do not differ from generally accepted accounting principles in China.<sup>7</sup>

For all of the reasons detailed above for Qinyan therefore, Abey requests that the same level of additional scrutiny be applied to Fenghui.

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<sup>2</sup> Ibid, p. 11.

<sup>3</sup> Ibid.

<sup>4</sup> Ibid, p. 24.

<sup>5</sup> Ibid, p. 19.

<sup>6</sup> Fenghui EQR, p. 11.

<sup>7</sup> Ibid.



### 3. Countervailing

The Commission's consideration report to the inquiry in question has preliminarily concluded that there appears to be reasonable grounds to support the claim made by Abey that the goods exported to Australia from China have been subsidised by non-negligible margins.<sup>8</sup>

Qinyan provides at attachment I-3.5 of the EQR details regarding Chinese income tax concessions. Section H-7 of Fenghui's EQR response provides VAT export rebate details. Abey submits that both disclosures are further evidence of countervailable support in the Chinese market for the subject goods.

FOR AND ON BEHALF OF

Abey Australia Pty Limited

THE AUSTRALIAN INDUSTRY APPLICANT

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<sup>8</sup> Consideration Report No. 644, p. 22.